



GAIL FARBER, Director

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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November 10, 2015

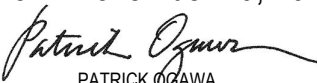
The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 November 10, 2015


PATRICK O'QUINN
ACTING EXECUTIVE OFFICER

**LOS ANGELES COUNTY WATERWORKS DISTRICTS
INCREASE OF THE WATER CONSERVATION CUSTOMER
REBATE PROGRAM BUDGET FOR FISCAL YEAR 2015-16
(SUPERVISORIAL DISTRICTS 3, 4, AND 5)
(3 VOTES)**

SUBJECT

This action is to approve a modification to the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System to increase the Fiscal Year 2015-16 budget for the Los Angeles County Waterworks Districts' Water Conservation Customer Rebate Program from \$300,000 to \$1,700,000.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICTS:

1. Find that the action set forth in this Board letter is not a project pursuant to the California Environmental Quality Act.
2. Adopt the resolution approving the proposed modification to the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System set forth in the resolution.
3. Adopt an amendment to the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System to increase the Fiscal Year 2015-16 budget for the Los Angeles County Waterworks Districts' Water Conservation Customer Rebate Program from \$300,000 to \$1,700,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to approve the enclosed resolution (Enclosure A) to increase the Fiscal Year 2015-16 budget for the Los Angeles County Waterworks Districts' Water Conservation Customer Rebate Program from \$300,000 to \$1,700,000 in order to provide additional Cash for Grass rebates to customers for removing turf areas during the Statewide drought.

The Districts offer Cash for Grass rebates of \$1 per square foot to customers for replacing ornamental grass with water-efficient and drought-tolerant landscaping. Rule 7-D-1d of the Rules and Regulations was approved by the Board on June 4, 2008, and allows the Districts to provide \$300,000 in customer rebates (including Cash for Grass) per year. Through Fiscal Year 2013-14, the Districts' customers have applied for \$130,000 per year in rebates.

As the drought emergency facing the State of California has intensified, interest in the Districts' Cash for Grass Rebate Program has increased significantly. In Fiscal Year 2014-15, the Districts received applications for \$2.1 million in Cash for Grass rebates. Of these, \$1.2 million were approved using a combination of grant funding the Districts have received and the balance of funds approved by the Board from prior years.

The Districts have received, on average, 70 Cash for Grass rebate applications per week since Governor Brown issued an Executive Order requiring Statewide mandatory reductions in potable water use on May 1, 2015. Currently, the Districts have approximately \$1.2 million in pending Cash for Grass rebate applications.

With the approval of an additional \$1.4 million in funding for Fiscal Year 2015-16, the Districts will be able to process all of the rebate applications that were submitted through September 17, 2015, (the date the Districts discontinued accepting applications) and provide an additional \$200,000 in rebates to customers of District No. 29, Malibu, subject to the potential award of a grant from the State of California to provide Cash for Grass rebates in District No. 29. It is recommended that the additional funding be limited to \$1.4 million due to the limited revenue available in the Districts' General Funds as a result of significantly reduced water sales. This will necessitate that the Districts suspend acceptance of any new rebate applications until Fiscal Year 2016-17.

The Antelope Valley-East Kern Water Agency is considering contributing additional grant funding to the Districts' Water Conservation Customer Rebate Program. If additional grant funds become available, we will immediately begin accepting new applications in District No. 40, Antelope Valley.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provisions of Community Support and Responsiveness (Goal 2) by encouraging efficient use of water through implementation of, among other things, a robust Water Conservation Customer Rebate Program.

FISCAL IMPACT/FINANCING

Funding is included in the Waterworks Districts' General Funds Fiscal Year 2015-16 Budgets and will be allocated to the various Districts based on the number of customers in each District applying for the rebates. However, it is anticipated that there will be additional monies collected from the conservation surcharge penalties that are currently in place under the Phased Water Conservation Plan approved by the Board on June 2, 2015, and those monies are expected to be available and will be used to fund the rebates prior to using other District funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Districts are required, per the drought regulations adopted by the State Water Resources Control Board, to reduce the overall amount of water supplied to customers by 25 to 36 percent. On June 2, 2015, the Board implemented the Phased Water Conservation Plan, requiring customers to reduce their water use by these levels to avoid conservation surcharges on their water bills. Because this level of conservation will only be achieved through significant cuts in outdoor water use, the Districts have implemented an extensive public outreach campaign encouraging customers to "Drop Your Water Weight and Put Your Lawn on the Drought Diet." Across the Districts, customers are responding to this message and significantly reducing the amount of water they use outdoors. Additional funding for the rebate program will allow the Districts to provide rebates to customers who chose to replace their turf areas and assist with the cost of installing more sustainable landscaping that consists of native, drought-tolerant plants and permeable hardscape.

Rule 7-D-1d currently limits the total rebate amount for the Water Conservation Customer Rebate Program to \$300,000 per calendar year. There has been tremendous customer response to the program recently and increasing the limit will allow the Districts to enhance customer service and encourage additional water savings.

Section 55330 of the California Water Code authorizes the Board, as the governing body for the Districts, to increase the budget for the purposes of conservation of water supplies.

Upon approval by the Board, the Director of Public Works or her designee will modify the enclosed Rules and Regulations (Enclosure B) to increase the amount of funding for customer rebates under the Water Conservation Customer Rebate Program to \$1,700,000 for Fiscal Year 2015-16.

The resolution has been reviewed and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Modification to Rule 7-D-1d of the Rules and Regulations is not a project pursuant to the provisions of the California Environmental Quality Act (CEQA) because it is a fiscal activity of government that will not result in a direct or indirect physical change to the environment and is excluded from the definition of a project by Section 15378(b)(4) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The amendment would enable the Districts to provide enhanced service by allowing the Water Conservation Customer Rebate Program to continue beyond the current \$300,000 limit.

CONCLUSION

Please return an adopted copy of this letter and a signed original of the resolution to the Department of Public Works, Waterworks Division.

The Honorable Board of Supervisors

11/10/2015

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Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER

Director

GF:AA:dvt

Enclosures

c: Chief Executive Office (Rochelle Goff)
County Counsel
Executive Office

ENCLOSURE A

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, CALIFORNIA, APPROVING THE
AMENDMENT OF RULE 7-D-1d OF THE RULES AND
REGULATIONS OF THE LOS ANGELES COUNTY
WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM**

WHEREAS, the Los Angeles County Board of Supervisors (hereinafter referred to as BOARD) is the governing body of the Los Angeles County Waterworks Districts (hereinafter referred to as DISTRICTS); and

WHEREAS, Section 55333 of the California Water Code states that the DISTRICTS may adopt and enforce all rules, regulations, and ordinances, which may be necessary and proper for the administration and government of the DISTRICTS; and

WHEREAS, the BOARD has adopted the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System (hereinafter referred to as RULES AND REGULATIONS); and

WHEREAS, the existing Rule 7-D-1d of the RULES AND REGULATIONS determines how the Water Conservation Customer Rebate Program is to be financed.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the BOARD as the governing body of the DISTRICTS, approves and adopts the amendments to the RULES AND REGULATIONS (Enclosure B) wherein the DISTRICTS shall finance the Water Conservation Customer Rebate Program with funds collected from surcharges established under the DISTRICTS' Phased Water Conservation Plan and from general funds. The annual maximum aggregate rebate amount distributed to customers in Fiscal Year 2015-16 shall not exceed One Million Seven Hundred Thousand and 00/100 Dollars (\$1,700,000.00) and shall not exceed Three Hundred Thousand and 00/100 Dollars (\$300,000.00) for each fiscal year thereafter.

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The foregoing resolution was adopted on the 10th day of November, 2015, by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks Districts.



PATRICK OGAWA
Acting Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By Carla Little
Deputy

APPROVED AS TO FORM:

MARY WICKHAM
Interim County Counsel

By Mary Wickham
Deputy

ENCLOSURE B

AMENDMENTS TO THE RULES AND REGULATIONS OF THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM

Rule 7-D-1d of the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System is hereby amended as follows:

7-D-1d COSTS - The Districts shall finance the customer rebate program with funds collected from excessive water-use billings under the Districts' tiered water-rate structures and conservation surcharges established under the Districts' Phased Water Conservation Plan. ~~For Districts without a tiered water-rate structure~~ To the extent that there are insufficient funds from conservation surcharges and excessive water-use billings, the customer rebate program may be financed with general funds. The maximum aggregate rebate amount distributed to customers ~~per calendar year~~ in Fiscal Year 2015-16 shall not exceed One Million Seven Hundred Thousand and 00/100 Dollars (\$1,700,000.00) and shall not exceed Three Hundred Thousand and 00/100 Dollars (\$300,000.00) for each fiscal year thereafter.